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The Secrets to Successful Strategy Execution

Gary L. Neilson, Karla L. Martin & Elizabeth Powers
Harvard Business Review June 2008

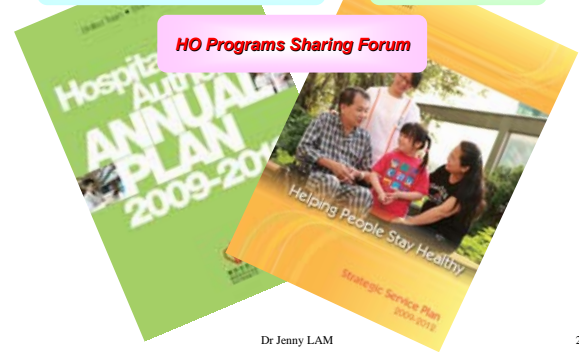
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1

Cluster Programs Sharing Forum

3 Digits Forum

HO Programs Sharing Forum



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A strategy put you on competitive map...

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...but only solid execution can keep you the destination.

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Are we good at execution?

Over past 5 years,

- >125,000 employees
- >1000 companies
- > 50 countries

“Are important strategic & operational decisions quickly translated into action?”

3 out of 5 – No!

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5

Why fail at execution?

- Organizations fail at execution because they go straight to **structural reorganization**.
 - seems to be most obvious solution
 - changes are visible and concrete
 - may yield quick improvement in efficiency

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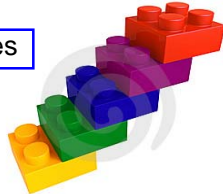
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Building Blocks for Strategy Execution

- Clarifying decision rights
- Designing information flows
- Aligning motivators
- Making structural changes

Cornerstones!

Capstone!



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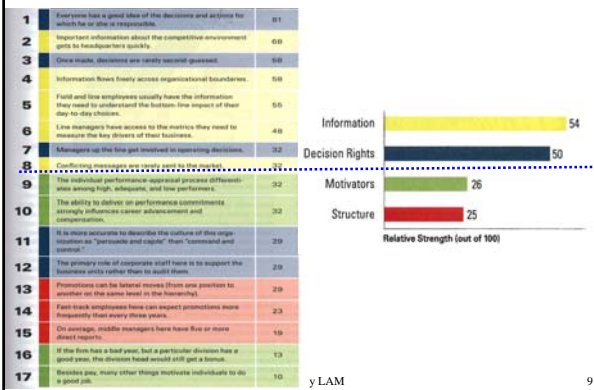
Online Survey

- More than 26,000 people in 31 companies
- To identify most effective actions in enabling organizations to implement strategy
- To rank actions in order of their relative influence

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17 fundamental traits of organization effectiveness



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Top 5 traits of organization effectiveness

- 1 Everyone has a good idea of the decisions and actions for which he or she is responsible.
- 2 Important information about the competitive environment gets to headquarters quickly.
- 3 Once made, decisions are rarely second-guessed.
- 4 Information flows freely across organizational boundaries.
- 5 Field and line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices.

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Create a Transformation Program

- To identify sources of the problem
- To map improvements to building blocks
- To have phased implementation

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Decision Rights

- Clarify and streamline decision making at each operating level
- Focus headquarters on important strategic questions
- Identify and eliminate duplicative committees

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Information Flow

- Improve field-to-headquarters information
- Define and distribute daily operating metrics to the field or line
- Institute lateral moves and rotations

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Conclusions

- To have successful strategy execution
 - clarify **decision rights** and improve **information flows** vertically and horizontally,
 - then alter **organizational structures** and realign **incentives** to support those moves

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14

Comments & Suggestions?

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15